

Prepared by & return to:
Hug H. Armstrong, Attorney
PO Box 609
Olive Branch, MS 38654
601-895-4844

P Book 83 Pg 91

HANGAR SPACE HB-13

GROUND LEASE

THIS LEASE is made and entered into this 1st day of August, 1998, by and between METRO INDUSTRIAL PARK, LTD., d/b/a METRO AVIATION SERVICES, having its principal place of business at 8000 Terminal Drive, Olive Branch, Mississippi, hereinafter called "Lessor" and Douglas Aviation, Inc. whose address is 11299 Airport Rd Olive Branch, MS 38654, hereinafter called "Lessee".

W I T N E S S E T H:

1. DEMISED PREMISES

Lessor does hereby grant, demise and lease unto the said Lessee, the following described premises, situated in the County of DeSoto, State of Mississippi, hereinafter referred to as the "demised premises" to-wit:

- a. The land designated as Hangar Space number HB13 on the attached exhibit, being a parcel approximately 3000 S. F. situated at the Metro Olive Branch Airport.
- b. Lessee acknowledges that the building was constructed on existing pavement, the surface of which may not be exactly level and which is so contoured that surface water during rains may enter the floor of the building.

2. TERM: 7 Years

Lessee shall have and hold the demised premises for a term commencing 1 August 1998 and ending 31 July 2005.

3. RENT AND OTHER PAYMENTS

In consideration hereof, Lessee covenants and agrees to pay to Lessor the minimum rent in the amount of two hundred twenty five 225 Dollars (\$225) per month, and successive installments due in advance, without notice, on the first day of each month thereafter.

In the event the term of this Lease is longer than one (1) year, the minimum monthly rent may be increased by Lessor upon thirty (30) days' prior written notice to Lessee, by an amount equal to the greater of (i) the change in the Consumer Price Index, U.S. Bureau of Labor & Statistics of the United States Department of Labor ("CPI") between the commencement date and end of the prior lease year, or (ii) 5% of the monthly rental paid in the prior lease year. Notwithstanding the foregoing, the parties acknowledge that minimum rent may not be increased more often than once during a twelve (12) calendar month period.

The adjustment based on the CPI shall be based upon the Consumer Price Index, U.S. Average for Urban Wage Earners and Clerical Workers, All items: 1982-84 = 100, published by the Bureau of Labor Statistics of the United States Department of Labor. The index utilized shall be the Monthly Consumer Price Index for the respective months in which the commencement and expiration of the prior lease year occur. If such Consumer Price Index of the United States Bureau of Labor Statistics is discontinued or changed, (i) comparable statistics relative to the purchase power of the consumer dollar shall be used for making such computation between the commencement date of the term and the adjustment date, or (ii) 5% of the monthly rental paid in the prior lease year.

All payments required to be paid pursuant to this Lease shall be paid in lawful money of the United States of America at the office of Lessor at

STATE MS.-DE SOTO CO.
FILED

OCT 15 12 54 PM '99

BK 83 PG 91
W.E. DAVID CH. CLK.]

Metro Aviation Services, 8000 Terminal Drive, Olive Branch, Mississippi 38654.

4. PURPOSE

The herein demised premises are leased by Lessor to Lessee only for the purpose of installation of a non-permanent airplane hangar, the design and precise location of which shall be subject to approval by Lessor in its sole discretion. The hangar hereby installed shall be used only for the storage of aircraft owned or leased by Lessee or an approved sublessee. No maintenance of the stored aircraft or storage of fuel shall be conducted in the hangar except such minor maintenance as would normally be performed by an aircraft owner or his mechanic. Any maintenance activities other than routine must be authorized by Metro Aviation Services. Lessee further agrees that no commercial aviation activities will be conducted on the leased premises without express approval of Lessor. This includes, but is not limited to, aircraft maintenance, rental, charter, leasing, flight instruction, etc. Maintenance to aircraft not based in said hangar is prohibited. Lessee expressly agrees not to install or erect any permanent improvements upon the demised premises without Lessor's prior written consent.

Lessee shall use the demised premises only in compliance with all applicable laws and regulations of all governmental authorities having jurisdiction and shall hold Lessor harmless from any such violations.

At the expiration of the Lease term or any renewal thereof, Lessee shall remove all improvements, fixtures, equipment and other items of property situated thereon, and restore the property to the condition existing at the commencement of the Lease term, reasonable wear and tear and damage by fire or other casualty excepted.

5. PROOF OF PAYMENT

The burden of proof of payment of any monthly installments of minimum rent, in case of controversy, shall be upon Lessee.

6. ASSIGNMENT AND SUBLETTING

Lessee covenants and agrees not to assign this Lease or sublet the demised premises, or any part of same, or in any other manner transfer the Lease, leasehold or demised premises, without the prior written consent of Lessor, which consent may not be unreasonably withheld by Lessor.

7. DAMAGES, ACCIDENTS, ETC.

Lessee agrees to carry at its own expense commercial general liability insurance with minimum single limits for such insurance of not less than One Million Dollars (\$1,000,000) with Lessor named as an insured party under any and all such policies. Lessor reserves the right to require the increase of said limits, but by not more than ten percent (10%) per lease year on a cumulative basis.

Irrespective of the adequacy of said insurance, Lessee shall save Lessor free and harmless from all liability for injury or damage to any person(s), firm(s), corporation(s) or property occurring on or about the demised premises, or arising out of any accident or any other occurrence on the demised premises, or due directly or indirectly to the use of said demised premises or any part thereof by Lessee, its agents and employees (including all costs, expenses and attorney's fees incurred in defense of any such claims).

Lessee agrees to insure the hangar installed upon the demised premises for an amount equal to the full replacement cost thereof.

Lessee agrees to deliver to Lessor on the inception date and renewal dates of such policies the usual certificates issued by the insurance

carrier certifying that such insurance is in full force. The said insurance may be included in what is generally known as a blanket policy and shall not be cancelled without thirty (30) days' written notice to Lessor.

8. DELIVERY AT END OF LEASE TERM/HOLDOVER

In the event Lessee should hold over after the termination of this Lease, either by expiration of the term herein stated or otherwise, such holding over shall be construed as a hold over from month-to-month, terminable upon thirty (30) days' prior written notice.

9. 'DEFAULT'

If Lessee should fail to pay when due any one of the aforesaid installments of rent or other monetary obligations or should fail to perform or observe any of the covenants, agreements or obligations herein made or assumed by Lessee, and if such default continues for ten (10) days, then and thenceforth in any of said events, this Lease may be terminated and thereby become null and void, at the option of Lessor, and whether or not this Lease is so terminated, Lessor shall have the right to immediately re-enter into possession of the demised premises for the purpose of leasing same and Lessor agrees that it will credit to Lessee's prospective obligations any sums received by it as a result of leasing said demised premises during any remaining portion of the then current lease term. Lessor hereby reserves, and Lessee grants unto Lessor, a security interest in the hangar to be situated upon the demised premises, as security for Lessee's rental and other monetary obligations to Lessor with Lessee appointing Lessor as its lawful attorney in fact with the limited authority to execute and file on its behalf a form UCC-1 in order to perfect such security interest.

10. RIGHT TO TERMINATE NOT EXCLUSIVE

Lessee shall pay all attorney's fees and expenses of Lessor occasioned by Lessee's default or failure to perform any of the obligations, agreements or covenants hereof, incurred by Lessor in enforcing any of the provisions hereof, or any of Lessor's rights hereunder.

11. WAIVER OF BREACH

It is hereby covenanted and agreed that no waiver of a breach of any of the covenants of this Lease shall be construed to be a waiver of any succeeding breach of the same or any other covenants.

12. EXTENSION, PARTIAL PAYMENT

It is agreed that, should Lessor, at its option, either extend the time of payment or accept partial payment of one or more of the minimum monthly rent installments or other monetary obligations hereunder, neither of these acts shall be construed as altering the terms of payment of any subsequent installments or other monetary obligations hereunder, and should Lessor at its option accept a partial payment of any installment or other monetary obligation, Lessor expressly reserves the right to re-entry, as provided in the case of non-payment by Lessee, at any time after the date to which such partial payment, figured on a pro-rated basis, pays Lessee's rental or other monetary obligations.

13. NOTICE

It is expressly understood and agreed that no act, practice or custom on the part of Lessor with respect to giving notice of the time that monthly or other payments are due shall ever be construed as an obligation on the part of Lessor to give such notice.

14. NOTICES

All notices required or provided for under this Lease shall be given in writing by registered or certified mail, return receipt requested, U.S. Mail, postage prepaid and addressed to Lessee at

11299 Airport Rd Olive Branch, MS, and to Lessor at 8000 Terminal Drive, Olive Branch, Mississippi 38654, or to such other addresses as Lessor or Lessee may direct in writing from time to time.

Notices shall be effective upon deposit in the U.S. Mails in accordance with the above provisions. Notices of any default by Lessor shall be given by Lessee to any mortgagee of whom Lessee has been notified in writing, and said mortgagee shall have the right but not the obligation to cure said default.

15. MECHANIC'S LIENS

Lessee shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Lessor in the demised premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Lessee, including those who may furnish materials or perform labor for construction or repair.

Lessee will save and hold Lessor harmless from any and all loss, cost or expense, including attorney's fees, based on or arising out of asserted claims or liens against the leasehold estate or against the rights, title and interest of Lessor in the demised premises or under the terms of this Lease.

16. LOSS OR DAMAGE TO LESSEE'S PROPERTY

Lessee shall store its property in and hangar upon and shall occupy the demised premises and use all other portions of the property of which the demised premises are a part at its own risk. Lessor shall not be liable for, and Lessee waives all claims against it for, loss or damage to Lessee's business or damage to person(s) or property sustained by Lessee or any person claiming by, through or under Lessee, resulting from any accident or occurrence in or upon the demised premises, or any part thereof, including, but not limited to, claims for damage resulting from any equipment or appurtenances becoming out of repair, damage done or occasioned by wind, weather, Acts of God, or third parties or any other conditions upon the demised premises and any act or omission to act of other lessees, licensees or of any other persons or occupants of the property of which the demised premises are a part or of adjoining or contiguous building or of owners of adjacent or contiguous property.

17. CONDEMNATION

The parties hereby agree that should the demised premises be taken or condemned for public or quasi-public use, then this Lease shall terminate from the date when possession of the part so taken shall be required. All compensation awarded for such taking of the demised premises, or any part thereof, the fee and the leasehold shall belong to and be the property of Lessor, provided, however, that Lessor shall not be entitled to any portion of any award made to Lessee for the value of Lessee's trade fixtures. Lessee shall not be entitled to any damages for the unexpired portion of the term hereof or injury to its leasehold interest.

18. RULES AND REGULATIONS

Lessee and its agents, employees, invitees and visitors shall comply fully with the rules and regulations for the Airport as promulgated by Lessor, and which may be changed, amended or supplemented by Lessor at any time. The current rules and regulations were adopted February 8, 1993 and a copy is available upon request to the Airport Manager.

19. ENVIRONMENTAL MATTERS

Lessee shall not cause or permit any Hazardous Substance to be used, generated or disposed of on or in the Hangar or the Metro Olive Branch Airport, except for small quantities of such materials as would be used by

an aircraft owner in ordinary minor maintenance activities, and all of which shall be used, stored, generated and disposed of strictly in accordance with all applicable laws and regulations. If Lessee uses, stores, generates or disposes of Hazardous Substances except as set forth in the foregoing sentence or if the Hangar or Airport become contaminated as a result of Lessee's actions or omissions, Lessee shall indemnify and hold harmless Lessor from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, all attorney's fees, consultant's fees, and expert fees) arising during or after the term of this Agreement and arising as a result of such contamination by Lessee. This indemnity shall survive the termination or expiration of this Agreement.

As used herein, "Hazardous Substance" means any substance that is toxic, ignitable, reactive or corrosive and that is regulated by any local government, the state in which the Airport is located, or the United States Government. "Hazardous Substance" includes any and all material or substances that are defined as "hazardous waste," "extremely hazardous waste," or a "hazardous substance" pursuant to state, federal, or local governmental law. "Hazardous Substance" includes, but is not restricted to, asbestos, polychlorobiphenyls ("PCBs"), and petroleum.

20. UTILITIES

In the event that electrical service or water service is available at the demised premises, Lessee shall be solely responsible for obtaining permits, licenses, approval, taps and meters required by the local utility company or the municipal authority in order to provide electrical and water service to the demised premises.

IN WITNESS WHEREOF, the above named Lessor and the above named Lessee have executed this instrument on the date above first written in Paragraph 1.

LESSOR: METRO INDUSTRIAL PARK, LTD.

D/B/A METRO AVIATION SERVICES

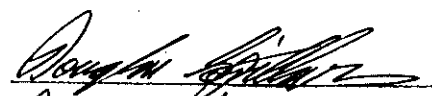
By: BELZ INVESTCO L.P.

By: URCO, INC., General Partner

By: 

By: _____

LESSEE:

 President
Douglas Aviation, Inc.

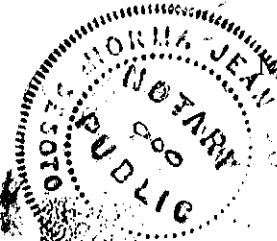
STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, the undersigned Notary Public in and for the State and County aforesaid, MARTIN S. BELZ, who is the PRESIDENT of BICO ASSOCIATES, a Tennessee limited partnership, the Managing General Partner of METRO INDUSTRIAL PARK, LTD., the above-named limited partnership, who acknowledged that for and on behalf of said partnership, as its act and deed, he executed the above and foregoing instrument by signing the name of the partnership by himself as PRESIDENT after first having been authorized to do so.

WITNESS my hand and notarial seal at office in Memphis, Tennessee this 29 day of July, 1998

Norma Jean Downs
Notary Public

NOTARY PUBLIC STATE OF MISSISSIPPI AT LARGE
MY COMMISSION EXPIRES: Apr. 12, 2002.
BONDED THRU NOTARY PUBLIC UNDERWRITERS.



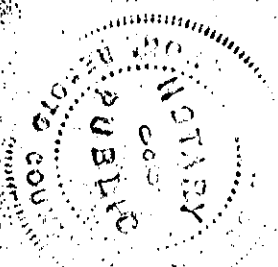
STATE OF Mississippi
COUNTY OF Desoto

Before me, the undersigned, a Notary Public within and for said County and State, duly commissioned and qualified, personally appeared Douglas Spillars, with whom I am personally acquainted, and who executed the foregoing instrument for the purpose therein contained.

WITNESS my hand and Notarial Seal at office this 27 day of July, 1998.

Norma Jean Downs
Notary Public

My commission expires:
NOTARY PUBLIC STATE OF MISSISSIPPI AT LARGE.
MY COMMISSION EXPIRES: Apr. 12, 2002.
BONDED THRU NOTARY PUBLIC UNDERWRITERS.



11/18/93
GL MAS

CLAUSES FOR DEEDS, LICENSES, LEASES, PERMITS
OR SIMILAR INSTRUMENTS

ATTACHMENT 2

The following clauses shall be included in deeds, licenses, leases, permits or similar instruments entered into by the Sponsor pursuant to the provisions of issuances 5(a) and 5(b).

1. The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add "as a covenant running with the land") that in the event facilities are constructed, maintained, or otherwise operated on said property described in this (deed, license, lease, permit, etc.) for a purpose for which a DOT program or activity is extended for another purpose involving the provision of similar services or benefits, the (grantee, licensee, lessee, permittee, etc.) shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said regulations may be amended.
2. The (grantee, licensee, lessee, permittee, etc., as appropriate) for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add "as a covenant running with the land") that: (1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the grantee, licensee, lessee, permittee, etc.) shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.